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SUBJECT: MEDIA REACTION: MSC, U.S. ECONOMY, EU-RUSSIA, GERMAN ECON
MINISTER

- 1. Lead Stories Summary
- 12. Munich Security Conference
- 13. U.S. Economic Package
- ¶4. Russia-EU Meeting
- 15. German Economic Minister Resigns

1. Lead Stories Summary

Today's German media focused Economic Minister Glos' resignation and the implications for the coalition. Editorials focused on the Munich Security Conference, Economic Minster Glos' resignation and Chancellor Merkel's telephone conversation with the Pope.

12. Munich Security Conference

Response to VP Biden

Under the headline "U.S. Intends to Cultivate Europe but Will Ask for More," Welt am Sonntag reported that "A new America is looking for a new relationship with the world - that was essentially the tone of Vice President Biden's speech at the MSC. But the deputy of U.S President Barack Obama also announced that the U.S. would in the future call on allies to do more... Still, expectations of NATO partners remained vague."

Deutschlandfunk remarked: "A new tone, a new style, new manners - these are the resolutions many people have talked about before. Biden has now personally delivered this message to Munich.... There is a good chance for new beginning of the transatlantic policy. But it is too early to be jubilant. We must not mistake chances for results.... Such praise however might encourage the U.S. to continue on the right path... The Munich Security Conference represents a new beginning."

Die Welt opined: "Barack Obama's most useful tool is his partners' great goodwill. He would be well-advised to capitalize on this impetus before it declines. It was therefore right of VP Biden in Munich not just to keep emphasizing America's willingness to act multilaterally and to seek consultations, but also to ask for more from its partners. The cozy times for European state leaders are over."

Frankfurter Allgemeine headlined its front-page report on Sunday:
"Biden: America Needs the World - Vice President Moves Towards
Europeans, Iran Rejects Offer of Dialogue, Merkel Threatens
Sanctions." In an editorial, the paper adds: "Biden's speech
showed that America's film script for a new world order has not yet
been written. Obviously the U.S. government does not yet know what
will happen to the prisoners on Guantanamo, nor what additional
burdens the Europeans should be asked to take on in Afghanistan.
Biden was clever enough not to ask anything unexpected of Merkel,
Steinmeier and Co., so it will probably end up with Germany doing
more for civilian reconstruction in Afghanistan. That no one
country can resolve the problems of the world on its own is truer
than ever."

Sueddeutsche's editorial headlined: "A new America has spoken," and added: "The Europeans should take advantage of the chances the power changeover in Washington offers. Vice President Biden said many things in Munich that pleased the audience: America will seek the advice of its partners."

FT Deutschland editorialized: "It has become clear that the unipolar moment in global politics is over. With his policy statement, Vice President Biden made clear at the Munich Security Conference that also the U.S. officially sees it this way. Under President Obama, Washington understands itself to be one of many global players, in many cases the largest and most important one, but only as one of several. However, Biden has also made clear that this multipolar world order does not mean more coziness, which some Europeans might have recently hoped for. The 'new tone' sounds more cordial and binding that what we heard from the Bush government. But the reason for this is more the audience than the statements that are made. Some statements that are now well-received would have been interpreted as an evil provocation under the Bush government."

Afghanistan

Frankfurter Allgemeine editorialized on VP Biden's offer of a bargain between the U.S. and its partners: "The share of the burden in Afghanistan is seen by many NATO partners as unfair. A transatlantic bargain has long been debated. Obama now seems to be ready to offer one to his allies. This makes clear that also this President will not just submit to the desires of others or refuse to act if U.S. interests are at stake. Unilateralism will remain an option of the superpower's policy."

Die Welt opined: "In Afghanistan, NATO will not get far with Chancellor Merkel's comprehensive approach if NATO members are not willing to spend more money, to increase civilian reconstruction efforts, and to secure them particularly in the embattled regions with more soldiers.... Joe Biden has expressively invited Europeans to participate with their concepts in reviewing the strategy on Afghanistan.... The Europeans must now show that they have feasible proposals to win the war in Afghanistan."

Berliner Zeitung argued: "At the Security Conference in Munich, U.S. officials appeared with a new formula for their policy in Afghanistan: 'cleaning, keeping, reconstructing.' But the West is still far away from a concept that could be called a strategy. It should at least contain two elements: the centralist approach has failed. Only respect for Afghanistan's tribal culture can be a basis for stabilization efforts. President Karzai, however, cannot act as a representative of this culture: he is the man who was installed by the discredited Bush administration. Second, Pakistan must be integrated into talks in the foreseeable future. The problem in Afghanistan can only be resolved with political stability in the neighboring country."

Frankfurter Rundschau analyzed: "After the Bundestag elections, America will ask for more soldiers, and will get them. The conflicts in Afghanistan, Pakistan and Iran, which is striving for nuclear weapons, are difficult to resolve, but it is great that the U.S. is changing its paradigm on Afghanistan towards more civilian reconstruction. This is where the West has lost out over seven years. The partners are only now considering how they can better coordinate their assistance."

Tabloid Bild am Sonntag headlined: "Speech by Iranian Parliamentary President Shocks Security Conference in Munich," adding: "He was irreconcilable towards America and flatly rejected all offers to talk about the Iranian nuclear program."

Frankfurter Allgemeine commented: "The conflict with Iran is probably the most urgent case where the new transatlantic bargain has to stand the test. The regime in Tehran continues to build up its military nuclear capacity; Larijani's rather contrary and provocative declaration in Munich cannot cover up this fact. Time is running out, Sarkozy said. Washington will talk to Tehran — which is an old desire of the Europeans. The U.S. will certainly stick to the goal that Iran must renounce its military nuclear program and stop supporting Islamist terrorism. If Tehran complies there will be incentives—if it doesn't sanctions will be toughened."

Handelsblatt commented: "Those who believed that Barack Obama's extended hand would be happily taken were wrong. One of the reasons for this is also America's unclear position. At the Munich Security Conference, senior officials of the new U.S. government and Iran came together for the first time. But the result is disappointing because neither Biden not any other U.S. politician made clear what the new thing is they want to offer Tehran after the Bush era."

U.S.-Russia

Sueddeutsche commented: "Biden offered Russia cooperation in many respects, such as the fight against terror and disarmament. Bush has done this before - however, recently in a more hostile atmosphere and without sufficient reference to reality. The new U.S. government is certainly more credible in extending its hand. On the other side, however, is an old Russian leadership. So far, its response was limited. Moscow simply acknowledges the new tone, recognizing its own mistakes would be valuable."

Frankfurter Allgemeine noted in an analytical piece on Saturday:
"The approach NATO will take towards Moscow is not yet clear. The
desires of NATO's lead nation [America] will be a deciding factor.
However, it is not yet clear which approach the Obama administration
will pursue. The current U.S. Ambassador Kurt Volker made his
career under the Bush administration, which is why it is expected
that he will leave Brussels before the summer. One likely candidate
is the disarmament expert Ivo Daalder... American representatives
are therefore reserved in current NATO meetings. They are often
quiet or simply express their personal opinion. The American NATO
delegation has obviously not yet any guidance - also not for the
relationship with Russia."

FT Deutschland opined: "Biden has not yet described new concrete strategies for the great trouble spots. This would be too early three weeks after Obama's inauguration. However, relations with Russia have been restarted. Washington needs Moscow's help to resolve problems that are a great priority on Obama's agenda: Afghanistan, Pakistan the nuclear dispute with Iran. This is about supply routes through Russian spheres of influence and diplomatic backing, which one does not want to endanger by arguing over a missile defense system in Poland and the Czech Republic or Georgia's NATO's membership. Nobody must currently fear a return to the Cold War."

13. U.S. Economic Package

Frankfurter Allgemeine argued: "the U.S. government is planning to set up a so-called Aggregator Bank, not a bad bank as many bank shareholders had hoped for. This may be saddening for the shareholders but is at least a ray of hope for taxpayers in the midst of all the rescue orgies. Those who do not want to nationalize all banks should also shy away from socializing the risks of the banks."

According to Sueddeutsche Zeitung, "this sheer volume of the program means a break with twenty or even thirty years of U.S. economic policy, which disproved of any state intervention in the market. But Obama's change has always included a new political culture in Washington. In this respect, however, Obama is making little progress. The reason is not a few stubborn Republicans, but also Democrats who are moaning and groaning. What Obama will get in the

end as a stimulus package can at best be a classical compromise that was haggled over a backroom. But this does not mean change in Washington."

Handelsblatt criticizes the political influence on the daily business of banks and opined: "Since the large U.S. banks have been saved with billion of taxpayers' dollars, politicians of all parties and organizational levels in the U.S. are misusing the new ownership role of the state. Not a single day passes, in which provincial politicians, governors, or lawmakers refer to the slogan that those who pay the band also get to call the tune. With a view towards public relations, they are calling upon the banks to offer loans for certain projects or companies in their constituencies. But if politicians are interested in setting up a healthy privately run banking system, it should stay out of the banks' daily business."

14. Russian-EU Meeting

Deutschlandfunk commented: "In November, Medvedev was hardly able to walk because he was brimming with power. But now European Commission President Barroso and his EU commissioners met a Russian president and a Russian premier who continue to govern a powerful country, but who faced the limits of this power that is based on oil and gas. It is now up to Moscow to make up for lost ground. Russia must take steps to restore confidence in its reliability as a partner. For the EU citizens, it is important that relations between the EU and Russia produce results...but this can succeed only if promises are kept."

Sueddeutsche noted: "President Medvedev is a creature of the authoritarian system and if he really has a vision for civil society, then it has only been a vision. Almost one year after his election, he talks like Putin, stands like Putin, walks like Putin. And in such a situation a law that reduces the signature for small parties from 50,000 to 40,000 to be accepted for the elections does not fit, not even as a decoration."

15. German Economic Minister Resigns

Deutschlandfunk commented: "Finally CSU Economic Minister Glos has told CSU leader Seehofer what's what. Weary of his job and humiliated by the Bavarian minister president, who apparently was looking for a successor to Glos, the economics minister did not explain his resignation in a letter to the Chancellor but rather to Seehofer. Glos could hardly have embarrassed Seehofer more. Chancellor Merkel is reacting to the self-fragmentation of the CSU in her usual way: not at all - at least not in the public. But the CDU chancellor is responsible for the reputation of the CDU/CSU. And if there is something German voters do not like in a party, it is chaos and conflict. So, where is the chancellor's call for order?"

ARD-TV's Tagesthemen commented: "Both the CDU and the CSU considered it important to demonstrate an ability to act. The prospect of entering the upcoming Bundestag election campaign with a listless economics minister who is weary of his office has not caused much delight in the government. CSU leader Seehofer will come out of this affair in a weakened way, too. His initial rejection of the offer to step down is not considered a sign of leadership."

Frankfurter Allgemeine Zeitung had this to say: "On the day when the U.S. vice president should have made the headlines at the Munich Security Conference, Glos was able to attract most of the attention. The trick not to send his letter of resignation to the Chancellor but to the CSU chairman, is demonstrating a masterly calculation. It emphasizes the independence of the CSU in the Cabinet more clearly than the coalition agreement, i.e. he is paying back the chancellor her lack of support. But he is also making a fool of his party friend Seehofer, who was caught by surprise. Glos has now also achieved the fact that, in the upcoming election campaign, Seehofer, not Glos, will have to take the role as scapegoat."

According to Sueddeutsche, "we can say a lot of things about Glos, but it will remain his merit that he dared to make explicit a conflict which Chancellor Merkel has avoided for months: the conflict with CSU leader Seehofer. Michael Glos was necessary to destroy Seehofer's visions of omnipotence. It is now up to the Chancellor draw a line. What this crisis has revealed is the weakness of the CDU/CSU with respect to its personnel, its platform,

but also the relationship between the CDU and the CSU, Merkel and Seehofer. In view of this perspective, we could even understand the Chancellor in trying to keep everything as it is."

In the view of Frankfurter Rundschau, "Michael Glos does not want to step down because he refused the implementation of a political project. He wants to step down because there is not a single project that he thinks would be worth fighting for in the coming seven months. But the chancellor told the Germans that they must face tough times in which everyone should roll up their sleeves. But she should not present a minister who does not want to fight. Angela Merkel's credibility is also at stake."

Die Welt judged: "Michael Glos was not the right man [for the job]. We could also say he was unqualified for the job, and everyone knew it. Nevertheless, he kept his job for many years. This is no evidence of a sense of responsibility, rather the misery in the CDU/CSU [to find the right people for the job] since it no longer has any economic policy orientation. When the financial crisis then developed, Chancellor Merkel appeared in public with Finance Minister Steinbr|ck. She felt more obliged to the articulate Social Democrat. Glos's resignation is a kind of writing on the wall for Merkel."

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